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Top Secret

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NATIONAL INTELLIGENCE DAILY CABLE

Tuesday May 10, 1977

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NATIONAL SECURITY INFORMATION

Unauthorized Disclosure Subject to Criminal Sanctions

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State Dept. review completed

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National Intelligence Daily Cable for Tuesday, May 10, 1977.

The NID Cable is for the purpose of informing senior US officials.

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USSR-US: *Pravda* on Disarmament

25X1 [] An authoritative article in Saturday's *Pravda* portrays the USSR as the prime mover behind a variety of disarmament measures over the past 30 years, but the article indicates that it is up to the US to make the next move at the resumption of the strategic arms limitations talks tomorrow.

25X1 [] Unlike the indignant tone of recent Soviet commentary on the subject, the latest editorial article is more defensive in tone and suggests that Moscow perceives the need to reiterate its readiness for serious restraints on nuclear armament. Since Secretary Vance's talks with Foreign Minister Gromyko in March, there have been two other major Soviet statements on the meetings:

--An unusual press conference in Moscow on March 31, in which Gromyko angrily denounced US versions of the talks and termed US proposals a "dubious if not a cheap move."

--A *Pravda* editorial article on April 14 that went further than Gromyko's remarks, flatly stating that the US proposals could not be a basis for discussion.

25X1 [] The Saturday *Pravda* editorial article, a device that has long been Moscow's most authoritative vehicle for commenting on both domestic and international developments, is concerned less with US initiatives than with defending Moscow's image as the "vanguard" nation in disarmament. Moscow takes credit for virtually every major disarmament initiative since World War II.

25X1 [] President Carter is not criticized by name, but *Pravda* manages a swipe at the President by emphasizing that disarmament proposals should neither be "verbiage" nor "standard features of election promises aimed at little-informed people." The article also indirectly charges the US with using the slogan of disarmament "solely for demagogical purposes, in the interests of playing a political game."

25X1 [] In contrast, the article presents a variety of past and present Soviet disarmament proposals, presumably as an indication of the USSR's commitment to arms control. The intention

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is apparently to counter the notion that Moscow has been unable to cope with the comprehensive US proposal unveiled in Moscow in March.

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USSR: Attacks on Radio Free Europe

[redacted] Soviet and East European propaganda attacks on Radio Free Europe and Radio Liberty have increased sharply since the US decision in late March to seek additional funding for the two stations. The increase follows the stations' coverage of dissidence in communist countries, and the efforts of the communist regimes to counter Western accusations of human rights violations by charging interference in their domestic matters.

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[] The current propaganda drive has slight variations from country to country:

--For the first time in recent years, the Soviet Foreign Ministry in late April made an official representation to the US embassy, charging that the stations' activities block improvement in Soviet-US relations. Soviet media have also threatened unspecified "retaliation."

--The Polish regime is investigating three dissidents for allegedly violating a law prohibiting contacts with Radio Free Europe and other organizations "seeking to damage Polish interests." If convicted, the three could face prison sentences of up to seven years.

--In Romania, a shrill media campaign against Radio Free Europe began in early April, reflecting anger over the station's support for Romanian dissidents and criticism of President Ceausescu's authoritarianism.

--The Bulgarian regime, eager to follow the Soviet line, has attacked Radio Free Europe personnel for their "fascist" activities in the past. Bulgaria was the first East European country to blame the Carter administration for seeking increased funding for both stations.

--The high intensity of regular Czechoslovak propaganda against the stations allows little room for further escalation.

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[] Hungary is the only East European country that has refrained from excessive attacks on these stations in recent weeks. This may reflect the regime's confidence in the effectiveness of its own media.

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[] The concerted action against these stations is clearly in line with decisions reached at an ideological conference held in Sofia in early March. The participants apparently reached agreement on a common strategy to counter Western charges of human rights violations.

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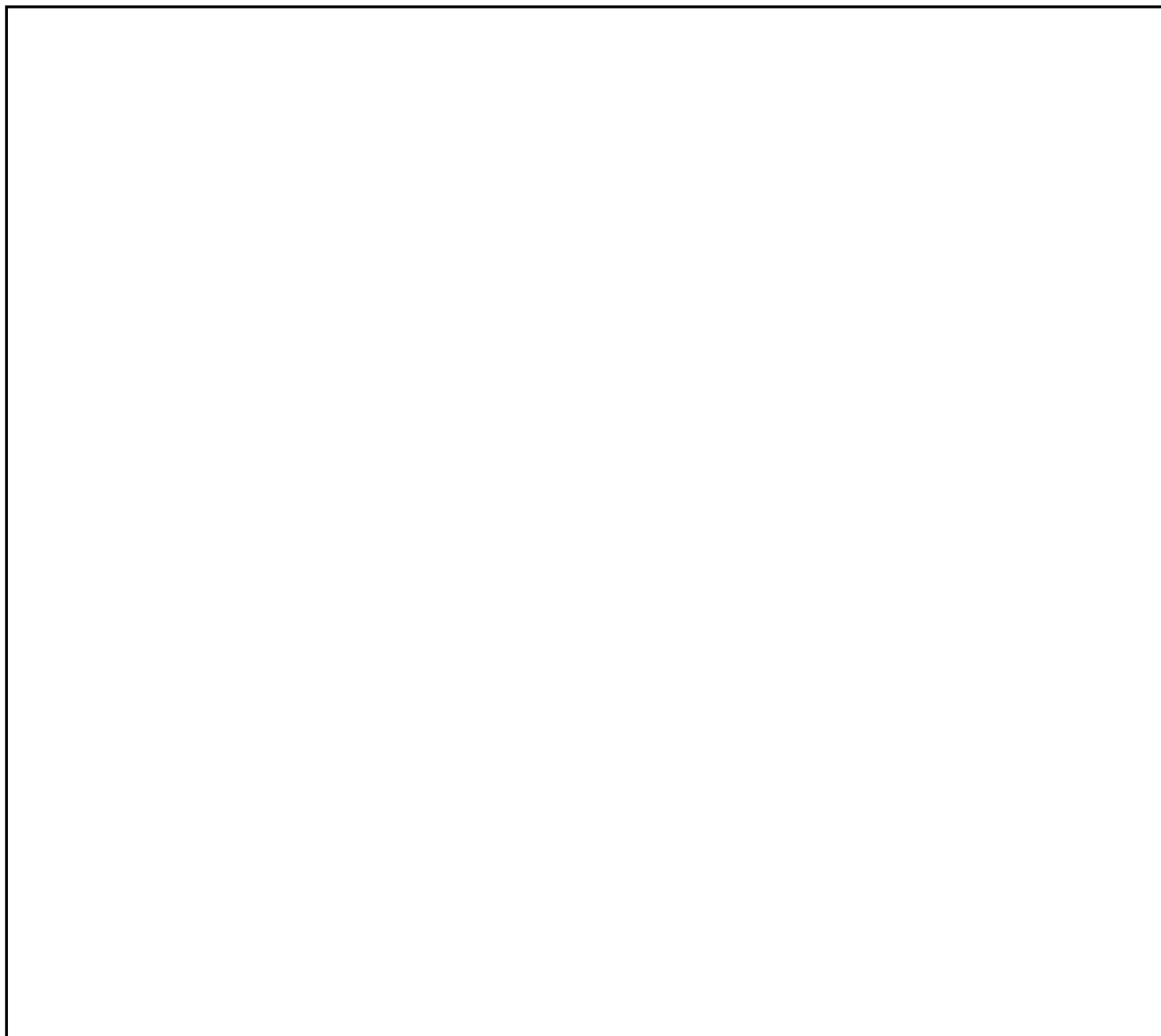
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[redacted] The propaganda campaign is likely to continue through the meeting next month in Belgrade to prepare for the conference there later this year to review the European security agreement. The US embassy in Moscow sees signs of a Soviet diplomatic campaign against those West European countries--Spain, Portugal, and West Germany--that allow Radio Free Europe and Radio Liberty facilities on their territories. [redacted]

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ROMANIA: Dissident Goma Released

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 Romanian dissident author Paul Goma has been freed from jail. Goma, the most prominent figure in the country's small dissident community and the author of a manifesto decrying Romania's lack of civil liberties, was arrested in early April.

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 Goma's release preceded by several days President Ceausescu's general amnesty for some 19,000 prisoners on May 8 in celebration of the country's centennial. While most of those pardoned are presumably common criminals, it is possible that the amnesty also applies to Goma. According to Goma's court-appointed lawyer--who said he was provided "should the need arise"--the writer will probably not stand trial, as had earlier been rumored. The lawyer refused to go into details about Goma's release.

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25X1 [] Goma is apparently again living with his family in Bucharest under "house arrest"; he has told a Western journalist that he is not at liberty to speak with her. Not talking with Western reporters may be a condition of his release.

25X1 [] There reportedly was speculation in Bucharest that Ceausescu would use the amnesty as the first step in tempering the regime's treatment of dissidents. It remains to be seen whether the amnesty will affect other jailed dissidents, or whether it will apply to those sentenced to menial labor under Romania's compulsory work laws.

25X1 [] Ceausescu may calculate that the time is ripe to repair Romania's tarnished image in the West following the crack-down on dissidents in late March. The regime's anti-emigration and anti-Western campaign continues, however, although at a somewhat lower level and intensity than when it began in late March.

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USSR: Farm Goals Raised

25X1 [] *//Soviet planners recently increased production goals for some key agricultural products during the tenth five-year-plan period (1976 to 1980). We do not believe that, even with last year's partial comeback, agricultural prospects have improved sufficiently to warrant raising production goals. Indeed, the original goals for grain and meat seemed optimistic. Announcement of the revisions may be designed to lift consumer morale, which is still suffering because of the worst food shortages in a decade.//*

25X1 [] There were sharp declines in amounts of food normally available to consumers throughout 1976. Although overall supplies of staple foods had recovered by early 1977, serious shortages of meat and vegetables, including potatoes, continue in many places. *//In some areas, meat is reportedly available only in rationed quantities from employers; there is none in the stores.//*

25X1 [] *//The shortages have caused some unrest and even work stoppages. They also have been politically embarrassing to General Secretary Brezhnev, who is the Kremlin spokesman for agricultural policy.//*

25X1 [] The regime seems confident that the momentum generated by last year's record grain crop can be sustained, and the outlook for this year's grain crop is still favorable. Winter losses appear to be below normal, spring sowing is running slightly ahead of last year's pace, and soil moisture is generally good.

25X1 [] Even if this year's harvest turns out well, the odds are strongly against the five successive years of better-than-average weather necessary to achieve the 1976 to 1980 grain production targets, which are more than one-fifth larger than actual output during 1971 to 1975. Past experience suggests the weather will cause one or two serious crop shortfalls before 1980, preventing attainment of the revised goals and possibly necessitating substantial grain imports.

25X1 [] Prospects for meat production are also uncertain. Industrial meat output in March was nearly a fourth above last year's severely depressed level, bringing output for the first quarter up to 95 percent of that of the first quarter in 1976.

25X1 [] The jump in meat production may stem from a one-time culling of herds. Other categories of livestock--including cattle and hogs--registered the usual gains during the month as did all livestock categories in March.

25X1 [] The seriousness of Brezhnev's intentions to boost agricultural production is evident in the encouragement now being given to the private sector. An extensive campaign is under way urging local administrations to "make full and active use of private plots."

25X1 [] Collective and state farms are being directed to supply plot holders with young cattle, hogs and chickens, feed, equipment, and credit for construction materials. Moreover, state procurement organizations have now been directed to buy produce from private plots. Rural residents in the past have complained of their inability to sell to the state.

25X1 [] While the private sector can make a substantial contribution--particularly of livestock products--it cannot compensate for weather-caused crop failures like that of 1975.

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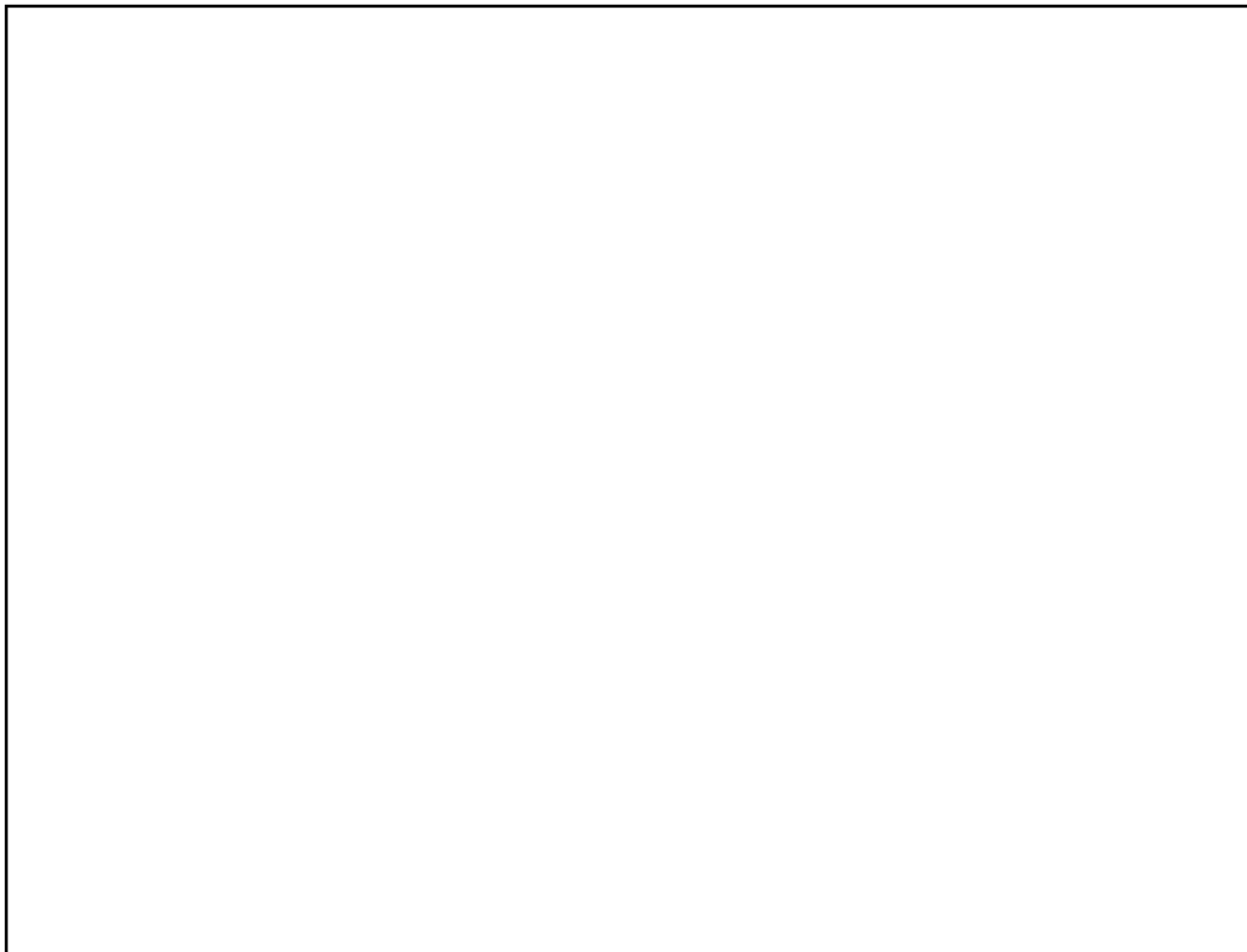
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ARGENTINA: Oil Potential

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 Argentina's vast continental shelf--four times larger than the US Atlantic shelf--may be one of the world's richest oil-bearing areas. A US Geological Survey estimate, based on the sketchy information available, puts an upper limit of 200 billion barrels on the shelf's oil potential--more than double the existing proven reserves in the Western Hemisphere.

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 The prospects for large oil finds are especially good in waters near the Falkland Islands, which are administered by

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the UK but claimed by Argentina. The most promising area is located between the Falklands and the Argentine mainland in the large Malvinas Basin, adjacent to the Austral Basin, where oil is already being produced. The Malvinas Basin is similar geologically to many areas in the North Sea.

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[] Seismic data indicate that the Malvinas formations have not been subjected to deep burial and are therefore likely to yield a high proportion of oil to gas. Water depths, however, vary from 150 to 200 meters in the northern part to as much as 370 meters farther south. Such depths would require costly semi-submersible drilling platforms or drillships for effective exploration.

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[] //The oil potential of the Falkland Islands offshore area is played down by the British, who wish to avoid intensifying their territorial dispute with Argentina. Last summer, the UK issued a government report incorporating seismic work done in 1973 and 1974 by a British geological team.// While agreeing that the Malvinas Basin is promising, the report dismisses the US Geological Survey's estimate that Argentina's total offshore potential may be as high as 200 billion barrels.

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[] Argentina is eager to find out the extent of offshore oil reserves, including those in contested waters. On April 26, Energy Secretary Guillermo Zurbaran announced that Argentina has authorized a US firm, Geophysical Service, Inc., to start exploration on the shelf. The company will conduct seismic prospecting in a zone stretching from just east of Bahia Blanca to southernmost Argentina, 2,400 kilometers away. The Falklands offshore area is implicitly included in the authorization granted to Geophysical Service.

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[] The exploration underscores a radical shift in Argentina's oil policy since the ouster of President Maria Estela Peron a year ago. The present military government encourages participation by foreign firms in the petroleum program, while the Peron government increased the core of the state oil company.

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[] The position of existing contractors probably will improve considerably. These include three US companies and five private Argentine firms. The state oil company has reportedly

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been authorized to double the production areas allocated to these contractors, provided they install modern equipment and guarantee higher output.

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[REDACTED] Argentina hopes to bring its oil industry out of a period of long stagnation. Production has averaged about 400,000 barrels per day since 1970. In 1976, Argentina imported more than 50,000 barrels per day, at a cost of some \$300 million. Exploration has been slow, failing to add significantly to the nation's proved reserves of 2.5 billion barrels.

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[REDACTED] The government's new targets are self-sufficiency in oil by 1980 and an exportable surplus from offshore production by 1985. This year, the government plans to spend \$150 million on exploration, including deep-water drilling by the state oil company in the Colorado Basin east of Bahia Blanca. Argentina recently received from France a new \$75-million platform, which is being used for this project.

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[REDACTED] Argentina's efforts to broaden and accelerate petroleum development through increased foreign participation may be hampered by the skepticism of foreign companies. Argentina's vacillating attitude toward foreign firms in the past makes such companies cautious--especially those which have had facilities nationalized.

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[REDACTED] The present government has undertaken a broad range of economic initiatives in the past year to stabilize the economy and create a favorable environment for investors. It has slowed markedly the rampant inflation, sharply cut the huge government deficit, rebuilt foreign exchange reserves, and changed the balance-of-payments current account from a \$1.3-billion deficit in 1975 to a \$600-million surplus in 1976. The government apparently realizes that continued economic progress could be severely constrained by a rapidly rising oil import bill, which it can avoid only with outside capital and technology.

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